

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SSO-00 AGRE-00 COME-00 STR-07  
OMB-01 TRSE-00 L-03 IO-13 ARA-10 EA-10 AF-10  
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FM AMEMBASSY LONDON  
TO SECSTATE WASHDC NIACT IMMEDIATE 4868

LIMITED OFFICIAL USE LONDON 05391

FOR: EB/TRP - DAVID BURNS

E.O. 11652: N/A  
TAGS: EPAP, ISO, ETRD, EAGR  
SUBJECT: SUGAR - POTENTIAL REACTION TO DOMINICAN REQUEST  
FOR A LARGER ISA QUOTA

REF: STATE 87744

1. THE DOMINICAN REPUBLIC HAS NOT YET MADE A FORMAL PROPOSAL FOR AN INCREASED ISA QUOTA. DOMINICAN AMBASSADOR IN LONDON (RICCARD) HAS ASKED ISO EXECUTIVE DIRECTOR JONES-PARRY WHAT REACTIONS MIGHT BE TO A DR REQUEST. JONES-PARRY INSISTS CUBA AND BRAZIL ARE THE KEY PARTIES IN PROVIDING ANY RELIEF TO DR.

2. FOLLOWING ARE JONES-PARRY'S VIEWS ON RELIEF FOR DR. ARTICLE 39, THE HARDSHIP RESERVE (PARAS ONE AND FOUR) LIMITS ADDITIONAL ALLOCATIONS TO COUNTRIES HAVING QUOTAS UNDER 300,000 TONS. AN ATTEMPT TO USE ARTICLE 29, PARA 5, (SPECIAL ARRANGEMENTS) TO QUALIFY THE DR-VENEZUELAN CONTRACT AS A SPECIAL ARRANGEMENT IS VETOED BY THE PROVISION IN THE SAME PARAGRAPH THAT SPECIFIES A REDUCTION IN THE BET OF A MEMBER EQUIVALENT TO THE SIZE OF THE NEW  
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SPECIAL ARRANGEMENT. (COMMENT: WE THINK DR/VENEZUELAN ARRANGEMENT PRE-DATES ENTRY INTO FORCE OF ISA). ONLY ARTICLE 69 (RELIEF FROM OBLIGATIONS) REMAINS OPEN TO THE DR. HOWEVER, IN A WEAK SUGAR MARKET THERE MAY BE REAL DIFFICULTIES IN RELIEVING ANY COUNTRY OF ITS QUOTA OBLIGATIONS, THEREBY CREATING A FURTHER THREAT TO PRICE STABILITY.

3. CUBA AND BRAZIL ARE THE KEY PLAYERS IN THIS GAME. THE SYMPATHY THEY EXPRESSED FOR THE DR AT THE GAPLACEA MEETING HAS NOT RESULTED IN SPECIFIC PROPOSALS IN LONDON. CUBA SEEMS DUBIOUS ABOUT CALLING VENEZUELA SALES A SPECIAL ARRANGEMENT. CUBA APPARENTLY DOES NOT WANT TO OPENLY PRESSURE THE DR, BUT THINKS THE DR CAME OUT OF THE GENEVA NEGOTIATIONS IN A REASONABLE POSITION. COMMENT: GEPLACEA SYMPATHY MAY END AT THE EXIT OF THE MEXICO CITY HEADQUARTERS.

4. AUSTRALIA IS NOT TAKING A HARD LINE ON THE DR QUESTION BECAUSE IT HAS A COMMON INTEREST WITH THE DR ON EXPORT QUOTA CUTS AND EXPORT DEPENDENCY; HOWEVER, AUSTRALIA DOES NOT SEE THE MEANS BY WHICH THE DR CAN BE HELPED WITHIN THE CONTEXT OF THE AGREEMENT WITHOUT BUSTING OPEN THE QUOTA SHARE ISSUE FOR MANY OTHER EXPORTERS AND THREATENING THE INTEGRITY OF THE ISA.

BREWSTER

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## Message Attributes

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